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BEFORE THE FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

SEP 27 1995

In the Matter of:

FCC No. 95-281

FCC MAIL ROOM

Amendment of the Commission's)
Rules and Policies to Increase)
Subscribership and Usage of the)
Public Switched Network)

CC Docket No. 95-115

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COMMENTS OF THE
FLORIDA PUBLIC SERVICE COMMISSION

On July 20, 1995, the Federal Communications Commission (FCC) released the above Notice of Proposed Rulemaking (NPRM) to seek comment on steps that could be taken to help households that have become disconnected because of unpaid toll bills, or that are so mobile that existing universal service programs have not reached them. The FCC's goal, as stated in their NPRM, is to develop narrow, targeted solutions to meet the needs of these consumers.

We have organized our comments to follow, as closely as possible, the structure and paragraph numbering of the NPRM.

PROPOSALS TO INCREASE SUBSCRIBERSHIP

In general, the Florida Public Service Commission (FPSC) believes that policies designed to increase subscribership will have to take into account a number of important variables -- primarily, end-user demand for residential service and the ability to pay long distance toll charges. We acknowledge that it may be difficult to address these variables. For a federal or state policy to work, the variables addressed must be those over which state or federal governmental action has some effect. We believe that the LEC's ability to disconnect local service for nonpayment

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of long distance charges is one such variable to which regulators can effectively address themselves. (§10)

Regarding Lifeline service, Florida law now requires that a telecommunications company serving as a carrier of last resort provide a Lifeline Assistance Plan to qualified residential subscribers. Southern Bell Telephone and Telegraph Company of Florida (Southern Bell) reported to the FPSC that as of July 1994, 43,376 customers were participating in the company's Lifeline program. This represented one percent of total residential customers. In June 1995, the company reported that 106,372 customers, representing three percent of total residential customers, were participating in its Lifeline program. At a minimum, we can conclude that there are customers who have been made aware of this program, and customers who have identified a need for the Lifeline program, and that demand for this type of assistance is growing. (§12)

Call Control Services

We believe that voluntary call control services are appropriate for addressing the inability of customers to pay toll charges and the subsequent disconnection of their local service. Of the total number of customers who were disconnected from Southern Bell's network for some reason in July 1995, 31% were disconnected for failure to pay their bills. While we are unable to conclude what portion of the non-payments were for long distance, we believe that a substantial amount of the non-payments were for long distance charges. Implementation of an involuntary

program to restrict a customer's ability to make toll calls may prove to be an effective means to reduce the number of local service disconnections. (§15)

Currently, eleven of the thirteen local exchange companies in Florida offer some form of call control service. The most prevalent form is a service known as customized code restriction. Depending on the option chosen by the customer, 1+, 0+, and 976 calls can be restricted on the originating end. Another service, Automatic Credit Management, recently introduced by GTE Florida Incorporated (GTEFL) uses a credit scoring system to determine the dollar amount of toll calls a subscriber is allowed. Customers with good credit histories or good LEC payment histories will have unlimited toll calling. Customers with marginal credit histories or marginal LEC payment histories will have a toll limit of three hundred dollars a month, while those customers with poor credit or payment histories will have their toll calls limited to two hundred dollars. When customers reach their limit, the company sends out a notice telling customers that they have reached their limit and must make a payment reducing the amount owed or face disconnection of toll but not local, service. (§15)

The FPSC believes that such services appropriately address customer disconnection from local service due to inability to pay toll charges. The success of voluntary long-distance blocking and call control services is contingent upon the willingness of individual customers to restrict and manage their calling habits. (§15)

Assistance with Connection Charges and Deposits

With respect to increasing the effectiveness of the Link-Up program, we are unable to draw any definite conclusion. Before the program's effectiveness can be evaluated, the standards to be achieved -- such as whether or not the level of subscribership has increased in households that are defined as low-income -- must be defined. Moreover, what constitutes an acceptable level of subscribership for the program or, for that matter, a definition of low-income, must be specified in order to conduct a meaningful evaluation. We do acknowledge, however, that because of the program's overall objective of making access to the network for low income citizens easier, Link-Up should be part of a policy package that addresses connection to the network as well as retention on the network. (§24)

Market forces may work with the current Link-Up program to assure that those who receive assistance are able to remain on the network by lowering the rates consumers have to pay for local exchange services. This can only come about with effective competition. Link-Up will allow low-income citizens to access the network and competition will assist low-income citizens in staying on the network. The telecommunications bills recently passed by the U.S. House of Representatives and the U.S. Senate this year, H.R.1555 and S.R. 652, are designed to deregulate the telecommunications market and bring about not only consumer choice but lower rates. It is imperative that effective competition

develop to make it easier for low income consumers to remain on the network. (§24)

Requiring carriers to adjust the deposit to correlate with monthly limits on toll will work if the deposit is equal to the dollar limit of the toll restriction. The deposit amount should be low enough so that subscribership is stimulated. (§26)

Disconnection Restrictions

While the FCC's proposal to prohibit LECs from disconnecting local exchange service for nonpayment of interexchange, interstate long distance charges may have merit, we are not prepared to comment on this matter at this time. We are preparing to review a similar proposal from our staff. Our staff's proposal prohibits disconnecting local exchange service for nonpayment of intrastate long distance charges. After we have considered our staff's proposal, we will be in a better position to provide comment on the FCC's proposal. (§27)

Lifeline Assistance

There are a number of ways that the effectiveness of Lifeline can be enhanced. One way is increasing the reduction in the monthly charge. Another way of making the program effective is to modify the way the program is marketed. Typical outreach programs consist of bill inserts, TV and radio ads, and newspaper ads. Candidates could be notified of the program when they sign up for social service assistance.

The FCC has also invited comment on ways of addressing the telephone service needs of low-income, mobile Americans. This

population is comprised of migrant workers or other individuals who do not have access to permanent employment or sufficient resources to enable them to maintain a permanent residence. Maintenance of the public telephone system is a primary option. In combination with pre-paid long distance calling cards, the widespread availability of payphones could provide low-income, mobile citizens access to both local exchange and interexchange service without requiring heavy subsidies from tax payers. A concern with payphones, however, is ensuring that calls can be received as well as placed over these phones. In Florida we have allowed companies to block incoming calls on certain payphones because those payphones have attracted and been used by criminal elements. Such activity is to the detriment of the entire community. This concern will have to be accounted for if the public telephone system is to play a role in policies that address low-income, mobile Americans. Access to the network could be maintained with pre-paid debit cards. With the existence of numerous resellers in Florida and a large number of LEC and non-LEC payphone providers, the technology for such a plan is in place. (¶39)

A combination of wireline and wireless technologies is one means by which telephone service can be provided to customers who are living in remote locations or geographically rugged terrain. For example, Southern Bell has deployed digital radio technology to serve customers in a remote portion of the Everglades. Quite recently, the FPSC approved an experimental offering by another

Florida LEC to provide basic local exchange service to residents on a remote barrier island using cellular technology. (§40)

CONSUMER AWARENESS ISSUES

We believe that consumer awareness initiatives should involve coordination between telecommunications providers and social service agencies. (§47)

LEGAL AUTHORITY

The FCC seeks comment on its authority to implement the proposals contained in the notice. Because issues of Federal and State jurisdictional authority are involved, we believe there is a need for a coordinated Federal-State effort. As the NARUC Resolution adopted at the July 26, 1995 meetings stated, there should be a Federal-State Joint Board to address these issues. Also, Federal actions should be consistent with existing state policies to the extent possible. (§53)

Respectfully submitted,

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